

Muhurat Trading of Renewable Energy Certificates (REC) on PXIL

PXIL gets 70% market share

A landmark step was taken in the Renewable Energy market today, 30 March 2011, when the market witnessed the first trade of RECs in the country.

Several members participated in the REC trading session conducted by PXIL, placing orders for more than 3600 RECs. The Exchange is currently operating a Day Ahead, Week Ahead and a Contingency Market as well.

Since the launch of the REC scheme in November 2010, the Central Agency viz. National Load Dispatch Center (NLDC), has issued a total of 532 RECs.

Obligated entities like the distribution licensees, captive power plants, open access users and voluntary buyers participated in the bid for the RECs.

From the total bids received for the trade, 274 Non-Solar RECs were traded today at a clearing price of Rs. 2225 per certificate.

On this occasion, Mrs. Rupa Devi Singh, MD & CEO, PXIL said, "The REC mechanism was slated to provide a level playing field for RE generators and the utilities and the extent of participation witnessed today has shown that the participants believe that this mechanism will deliver".

"More than 51% of the total RECs issued till date and around 70% of the total RECs traded today, were traded through PXIL today. This only goes to show the trust of the market participants in the transparent price discovery mechanism of PXIL", said Mrs. Singh. She further added, "the sector should be thankful to the Regulators i.e., CERC as well as the state regulators for following a pragmatic approach in implementing such a scheme, as also, the coordination role played by the Central Agency viz., NLDC in seamlessly delivering the scheme to the country through the power exchanges."

After the successful launch of its indigenously built REC Trading System, PXIL started sensitizing the market participants about the mechanism and the procedure for trading in the same. Being recognized as the knowledge leader in the power markets, PXIL also conducted several training programs towards capacity building in the REC market.

Renewable energy (RE) provides a number of primary and secondary benefits which are economic, social, environmental or technical in nature. RECs allow utilities to meet their RPOs through a unique market based mechanism via a transparent and efficient exchange platform. The scheme creates a winning proposition for the RE producers also by providing them an opportunity to access a wider nation-wide market on the exchange which ensures timely settlements and helps in supporting their overall cash flows.

Today's trading in RECs also highlights the reality that the REC mechanism has been fully accepted by the market and that the era of using market based instruments to help India mitigate climate change is here to stay. Today was a watershed event in the course of development of Indian power markets and PXIL is proud to have been accorded a leading role in shaping the same.